IMPORT RELIEF ON SPECIALTY STEEL

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON HIS DECISION TO GRANT IMPORT RELIEF TO THE SPECIALTY STEEL INDUSTRY, PURSUANT TO SECTION 203(b) OF PUBLIC LAW 93–618

JULY 11, 1983.—Referred to the Committee on Ways and Means and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

11–011 O WASHINGTON : 1983

H780-10

THE WHITE HOUSE,
Washington, July 5, 1983.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: In accordance with Section 203(b)(1) of the Trade Act of 1974, I am writing to inform you of my decision today to grant import relief to the specialty steel industry. My serious concerns last November about the health of the industry led me to direct the United States Trade Representative to ask the United States International Trade Commission to initiate this investigation. The USITC found specialty steel imports to be a substantial cause of serious injury to the industry. Imports have depressed U.S. prices and captured market share from U.S. producers. This has had the effect of reducing domestic production and capacity utilization, resulting in major losses by most producers. Employment has also fallen significantly.

The relief program I am implementing is tailored to the needs of the industry as well as the objective of trade liberalization as expressed at the Williamsburg summit. It is part of a comprehensive and coordinated approach to this industry's trade problems. In addition to applying import relief under Section 201, I have directed USTR to continue its efforts to achieve the multilateral elimination of trade barriers.

The relief to be implemented is a combination of tariffs and quotas:

(1) For the flat-rolled products which comprise 55 percent of U.S. imports, a four year digressive tariff will be applied in addition to other tariffs due. Beginning in year one, a 10 percent tariff will apply to stainless steel sheet and strip, declining uniformly until year four when the tariff will be 4 percent. With regard to plate, the duty will decline from 8 percent in the first year to 4 percent in the fourth year.

(2) Imports of stainless rod, bar, and tool steel will be subject to a global four years quota. This quota will be expanded at a rate of 3 percent annually, outpacing the historic annual growth of consumption of 1–2 percent. This relief will incorporate the USITC's proposed minimum quantities in year one. (For additional details see attached table.) I am prepared to negotiate orderly market agreements with willing countries on rod, bar, and tool steel.

My decision differs in some respects from the USITC proposal. I have recommended relief for four years instead of three to give the industry sufficient time to complete investment projects, improve productivity, and restore profitability. This relief package has been adopted in order to reflect the substantial differences in the competitive conditions of the various parts of the industry. Tariffs applied to the flat-rolled products will be at levels less restrictive than the relief suggested by the USITC. Producers of flat-rolled stainless steel

are on the whole more efficient, progressive, and competitive than their counterparts in the non-flat-rolled industry who have faced greater import competition. They have also recently succeeded in using our antidumping and countervailing duty statutes to obtain special duties on unfairly traded imports from three of their principal foreign competitors. These duties will be added to the normal tariff and the additional tariffs to be imposed under Section 203. Consequently, greater relief is needed for producers of non-flat-rolled products to enable them to make necessary investments.

In closing, I would like to state that I am implementing this relief package so as to achieve two complementary objectives:

(1) to provide help to a domestic industry seriously injured by imports, and

(2) to take steps to further our ultimate goal of trade liberalization.

I have instructed the USTR to form an interagency task force to pursue these dual objectives, and to report to me annually on progress toward them.

Sincerely,

RONALD REAGAN.

Schedule of Relief

Additional Tariffs (Percentage ad valorem)

Year	I	II	III	IV
Sheet & Strip	10	8	6	4
Plate	8	6	5	4

Quantitative Limit (Tons)

Year	I	II	III	IV
Bar	27,000	27,800	28,600	29,500
Rod	19,100	19,700	20,300	20,900
Alloy Tool Steel	22,400	23,100	23,800	24,500